

## CHAPTER 356

TAX EQUALIZATION, SCHOOL AID, AGRICULTURAL TAX CREDIT,  
PERSONAL TAX CREDIT AND HOMESTEAD CREDIT

H. F. 686

AN ACT relating to a method for general property tax replacement and equalization by revising the method of taxation of property for school purposes and to make allocations of state funds to local governmental units in the form of aid to schools, agricultural land tax credit, personal property tax credit and additional homestead credit for the aged, all in the furtherance of tax equalization.

*Be It Enacted by the General Assembly of the State of Iowa:*

1     SECTION 1. The purpose of this Act shall be to provide a method  
2 for general property tax replacement and equalization; and relating to  
3 the payment of agricultural land tax credits and making an appropriation  
4 therefor. This Act shall be liberally construed to that end.

1     SEC. 2. Definitions of terms used in this Act:

2     1. The "basic school tax unit" is conterminous with the county  
3 school system and is a term to define a local tax area to be used for  
4 public school support only.

5     2. The "basic school tax" on property is a uniform levy on all tax-  
6 able property in the basic school tax unit for support of public schools  
7 within the unit. This levy will be the millage necessary to raise an  
8 amount of money equal to forty (40) percent of the total of the pro-  
9 posed general fund expenditures, reduced by anticipated receipts from  
10 other sources of all the school districts in the basic school tax unit.

11     3. The "basic school tax equalization fund" is a local fund in the  
12 county treasurer's office from which operating revenues are distrib-  
13 uted to the school districts within the local basic school tax unit.

14     4. The "percent of allowable growth" is the percent of increase in  
15 revenue computed on a state-wide basis for the sales and use taxes and  
16 the individual and corporate income taxes as well as the percent of  
17 increase in assessments for property tax for each year of the last three  
18 years. The sum of the individual percentages thus obtained shall be  
19 divided by six to arrive at the percent of allowable growth. In making  
20 such computations the comptroller shall adjust for changes in rates or  
21 basis of the income tax or sales and use tax and for state-wide changes  
22 in assessment practices. He shall thereupon certify the percent of  
23 allowable growth per pupil to the several school districts of the state  
24 on or before June 30 of each year.

25     5. The "adjusted state average reimbursable expenditure" is the  
26 preceding year's average state reimbursable expenditure per pupil in  
27 average daily membership increased by the percent of allowable  
28 growth.

1     SEC. 3. There are hereby created in the state ninety-nine (99)  
2 basic school tax units. Said units shall be identified by the name of the  
3 county comprising the major part of each unit. The boundaries of the  
4 basic school tax unit shall be conterminous with the county school  
5 system and in case of joint districts with area in more than one (1)  
6 county, each area shall become a part of the basic school tax unit in  
7 which there are the greatest number of school electors in the district  
8 and the records of the department of public instruction compiled from

9 the school secretaries' reports shall determine the basic school tax unit  
10 of which the area becomes a part. Where county school systems have  
11 been merged under section two hundred seventy-three point twenty-  
12 two (273.22), Code of Iowa, such district shall be deemed part of the  
13 basic tax unit comprising the county system which would exist and of  
14 which it would be a part but for such merger.

1 SEC. 4. The county auditor of each county shall, prior to making  
2 the levies for school purposes in his county, starting with the 1967-68  
3 school budgets and continuing with each school year thereafter, total  
4 the askings for general school purposes of the various school districts  
5 in the basic school tax unit. He shall then multiply said yearly total  
6 by forty hundredths (.40) and spread the levy to raise the amount  
7 thus ascertained at a uniform rate over all the taxable property in the  
8 basic school tax unit. In the case of joint districts such levy shall be  
9 spread in the same manner as heretofore employed for the purpose of  
10 making other school levies in such circumstances. The money collected  
11 from said levy shall be placed by the county treasurer in the basic  
12 school tax equalization fund.

1 SEC. 5. On or before August 15, 1967, and each year thereafter,  
2 the state tax commission shall make an accounting of the individual  
3 state income tax collected under division two (II) of chapter four hun-  
4 dred twenty-two (422), Code of Iowa, applicable to tax returns for  
5 the most recent completed tax year, as defined by section four hundred  
6 twenty-two point four (422.4), subsection four (4), Code of Iowa,  
7 from taxpayers in each of the various school districts in the state and  
8 certify to the state comptroller and the state department of public  
9 instruction forty (40) percent of the total credited from the taxpayers  
10 of each basic school tax unit.

1 SEC. 6. The county auditor shall, by August 15, 1967, and each  
2 year thereafter, certify to the state department of public instruction  
3 the amount of the basic school tax, as provided by section four (4) of  
4 this Act, to be placed in the basic school tax equalization fund.

1 SEC. 7. The state comptroller shall pay the state income tax col-  
2 lected, as provided in section five (5) of this Act, to each county treas-  
3 urer in equal semiannual installments on or about April 1 and October  
4 1 of each year, with the first installment to begin April 1, 1968. There  
5 is hereby appropriated from the general fund of the state the amounts  
6 necessary to make such payments. The county treasurer shall deposit  
7 said payments in the basic school tax equalization fund.

1 SEC. 8. The moneys in the basic school tax equalization fund in  
2 each basic school tax unit shall be distributed by the county treasurer  
3 on the tenth day of the month following the month of collection, to  
4 each of the respective districts in the basic school tax unit equally on  
5 the basis of the per pupil in average daily membership. A report of  
6 the distributions so made shall be certified by each county treasurer to  
7 the state department of public instruction.

1 SEC. 9. Section twenty-four point seventeen (24.17), Code of  
2 Iowa, is hereby amended by inserting in line six (6) after the word

3 "year" the words "and school districts the fifteenth day of July each  
4 year,".

1 SEC. 10. For the purpose of equalizing educational opportunity in  
2 the public high school districts throughout the state, the several school  
3 districts in the state shall be entitled to and receive financial aid from  
4 the state in the manner and amount provided in this Act.

1 SEC. 11. The local school district's state share of the cost of public  
2 education in each school district maintaining a public high school shall  
3 be determined by the ratio of its property value to that of the entire  
4 state, together with the ratio of its income to that of the entire state.

1 SEC. 12. For the purpose of computing state financial aid to local  
2 school districts under the formula hereinafter prescribed, the real  
3 value of taxable property and the adjusted gross income within each  
4 public high school district shall be determined by the state department  
5 of public instruction from data furnished it by the department of  
6 revenue. For purposes of this Act, a "high school district" shall mean  
7 a district which maintains at least twelve (12) grades of instruction  
8 above the level of kindergarten. On or before June 30 of the year  
9 nineteen hundred sixty-eight (1968), and annually thereafter, the  
10 department of revenue shall report to the state department of public  
11 instruction:

12 1. Compiled and summarized data gathered under the provisions of  
13 subsection six (6) of section four hundred twenty-one point seventeen  
14 (421.17), Code of Iowa, for the preceding year, together with the  
15 sales-ratio figure or figures computed by the commission for each  
16 county. Upon receipt of said data, the state department of public  
17 instruction shall compute the real value of taxable real property in  
18 each public high school district in the state. "Real value" shall mean  
19 the quotient found by dividing the assessed value of taxable real prop-  
20 erty within each high school district by the average sales-ratio figure  
21 for each county as reported by the department of revenue, and shall  
22 be approximately equal to the market value of such taxable real prop-  
23 erty within each such district.

24 2. The total adjusted gross income, as defined by section four hun-  
25 dred twenty-two point seven (422.7), Code of Iowa, reported in the  
26 manner required by section four hundred twenty-two point twenty-one  
27 (422.21), Code of Iowa, for the last preceding calendar year or tax-  
28 able year by residents of each public high school district in the state  
29 for which data or estimates are available.

1 SEC. 13. The average daily membership for each public high school  
2 district shall be determined by dividing the aggregate sum of the pupil  
3 membership in all schools of the district for each day school was in ses-  
4 sion throughout a school year by the number of days school was in  
5 session during that school year.

6 The school census for each public high school district shall be deter-  
7 mined as specified in subsection one (1) of section two hundred seven-  
8 ty-nine point twenty-two (279.22), Code of Iowa.

1 SEC. 14. State aid payable to each public high school district shall  
2 be computed as follows:

- 3 1. Determine the market value of property for each high school dis-
- 4 trict.
- 5 2. Multiply the amount in subsection one (1) by seven-tenths (.7).
- 6 3. Determine the adjusted gross income for each high school dis-
- 7 trict.
- 8 4. Multiply the amount in subsection three (3) by three-tenths (.3).
- 9 5. Add the product from subsection two (2) to the product from
- 10 subsection four (4).
- 11 6. In each high school district add the average daily membership to
- 12 the school census.
- 13 7. Divide the sum from subsection six (6) by the number two (2).
- 14 8. Divide the sum from subsection five (5) by the amount deter-
- 15 mined in subsection seven (7).
- 16 9. Determine the market value of property in the state.
- 17 10. Multiply the amount in subsection nine (9) by seven-tenths
- 18 (.7).
- 19 11. Determine the adjusted gross income in the state.
- 20 12. Multiply the amount in subsection eleven (11) by three-tenths
- 21 (.3).
- 22 13. Add the product in subsection ten (10) to the product in sub-
- 23 section twelve (12).
- 24 14. In the state add the total state average daily membership to the
- 25 total school census.
- 26 15. Divide the sum from subsection fourteen (14) by the number
- 27 two (2).
- 28 16. Divide the sum from subsection thirteen (13) by the amount
- 29 determined in subsection fifteen (15).
- 30 17. Divide the amount from subsection eight (8) by the amount
- 31 from subsection sixteen (16).
- 32 18. Multiply the amount from subsection seventeen (17) by twenty-
- 33 five one-hundredths (0.25).
- 34 19. Subtract the amount from subsection eighteen (18) from the
- 35 number one (1).
- 36 20. From the local total general fund reimbursable expenditures,
- 37 determined as hereinafter provided, subtract the amount of the basic
- 38 school tax equalization fund allocated to each district as provided in
- 39 sections four (4) and five (5).
- 40 21. Multiply the difference obtained in subsection twenty (20) by
- 41 the difference obtained in subsection nineteen (19).

1 SEC. 15. Total general fund reimbursable expenditures shall be  
 2 determined for the year ending June 30 of the school year in which  
 3 the report is made, in each public high school district, from items  
 4 defined in the uniform financial accounting system promulgated by  
 5 the state board of public instruction under section two hundred fifty-  
 6 seven point ten (257.10), Code of Iowa, as follows:

- 7 1. Determine general fund expenditures exclusive of gifts, and fed-
- 8 eral grants and aids, by adding together the amounts expended for the
- 9 school year ending June 30 of the year in which the report is made,
- 10 for administration, instruction, attendance services, health services,
- 11 pupil transportation services, fixed charges, operation and mainte-
- 12 nance, community services, capital outlay, debt service, and tuition

13 paid other districts. The cost of food services and student body activ-  
14 ities shall not be included in general fund costs.

15 2. From the total of the sums determined under subsection one (1)  
16 hereof deduct the following:

17 a. Receipts from state appropriations for handicapped children aid,  
18 vocational aid, driver education aid, and junior college aid.

19 b. General fund receipts from the following: tuition paid by indi-  
20 viduals or by the state; transportation; services; rents; income on  
21 investment securities; other general fund revenue receipts; general  
22 fund nonrevenue receipts; and transfers to the general fund other  
23 than those resulting from reorganization and the return of principal  
24 of invested securities.

25 c. The total amount determined on the per-pupil cost basis for chil-  
26 dren transported who live within statutory walking distance from  
27 school.

1 SEC. 16. All moneys received by a public high school district from  
2 the state under the provisions of this Act shall be deposited in the  
3 general fund.

1 SEC. 17. At the close of each school year but not later than July 15  
2 the local public high school district shall supply to the state depart-  
3 ment of public instruction the information required by it for calcula-  
4 tion of state aid under this Act.

5 Forms for such purpose shall be supplied by the state department to  
6 each public high school district no later than June 1 of each school  
7 year. After the aid payable has been calculated and validated for  
8 accuracy, the state department of public instruction shall certify to  
9 the state comptroller the amount of aid payable to each public high  
10 school district and he shall forthwith draw warrants, payable from  
11 moneys in the general fund of the state herein appropriated, and cause  
12 the same to be delivered to the respective public high school districts  
13 of the state of Iowa.

1 SEC. 18. There are hereby appropriated from moneys in the gen-  
2 eral fund of the state for the ensuing biennium the following amounts  
3 for state equalization aid:

4 For the first year of the biennium fifty million five hundred thousand  
5 dollars and for the second year of the biennium one hundred eleven  
6 million dollars.

1 SEC. 19. That portion of any school reimbursable expenditures  
2 which exceeds the funds thus provided in the above sections shall be  
3 levied by the county auditor as an additional property tax in said local  
4 school district, in addition to the scheduled annual amount for any  
5 bonded indebtedness or interest thereon. This additional levy shall be  
6 paid to each school district as the funds are collected in the same man-  
7 ner as other tax collections are paid over.

1 SEC. 20. The superintendent of public instruction, subject to the  
2 approval of the state board of public instruction, is hereby authorized  
3 to adopt such rules and regulations and definitions of terms as are  
4 necessary and proper for the administration of this chapter.

1 SEC. 21. Section two hundred eighty-six A point one (286A.1),  
2 Code of Iowa, is repealed, effective January 1, 1968, and the following  
3 enacted in lieu thereof:

4 "The several merged areas operating area vocational schools or com-  
5 munity colleges and the several school districts operating junior col-  
6 leges or community colleges in the state of Iowa shall be entitled to  
7 receive financial aid from the state in the manner and amount as pro-  
8 vided in this chapter."

1 SEC. 22. Section two hundred eighty-six A point two (286A.2),  
2 Code of Iowa, is repealed, effective January 1, 1968.

1 SEC. 23. Section two hundred eighty-six A point four (286A.4),  
2 Code of Iowa, is amended by striking all of subsections one (1), two  
3 (2), and four (4), effective January 1, 1968.

1 SEC. 24. Section two hundred eighty-six A point seven (286A.7),  
2 Code of Iowa, is repealed, effective January 1, 1968.

1 SEC. 25. Chapter two hundred eighty-six (286), Code of Iowa, is  
2 repealed, effective January 1, 1968.

1 SEC. 26. Section two hundred eighty-five point one (285.1), Code  
2 of Iowa, is amended by striking all of subsection fifteen (15), effective  
3 January 1, 1968.

1 SEC. 27. Sections two hundred eighty-five point two (285.2) and  
2 two hundred eighty-five point three (285.3), Code of Iowa, are re-  
3 pealed, effective January 1, 1968.

1 SEC. 28. Section two hundred eighty-five point seven (285.7), Code  
2 of Iowa, is hereby repealed, effective January 1, 1968.

1 SEC. 29. In event that the amount appropriated for reimburse-  
2 ment of the school districts is insufficient to pay in full the amounts to  
3 each of the school districts, then the amount of each payment shall be  
4 reduced by the state comptroller in the ratio that the total funds ap-  
5 propriated and available bears to the total amount certified for re-  
6 imbursement. In no event shall a school district receive less in the  
7 aggregate than it received in reimbursement for the 1965-1966 fiscal  
8 year for any state funds distributed for general aid, supplemental aid,  
9 and transportation aid.

1 SEC. 30. Section four hundred twenty-six point three (426.3),  
2 Code of Iowa, is hereby amended as follows:

3 1. By striking from lines seven (7) and thirteen (13) the word  
4 "fifteen" and by inserting in lieu thereof the word "twenty (20)".

5 2. By striking all of said section after the period in line twenty-  
6 three (23).

1 SEC. 31. Section four hundred twenty-six point six (426.6), Code  
2 of Iowa, is hereby amended by striking from lines thirteen (13), four-  
3 teen (14), and fifteen (15) the word "fifteen" and by inserting in lieu  
4 thereof the word "twenty (20)".

1 SEC. 32. No later than September 1 of each year the department of  
2 public instruction shall certify to the state comptroller the amounts of

3 state equalization aid and any other state aid that will be received by  
4 each school district within the county. In the event any estimate of  
5 said aids in any school budget certified to the auditor as provided by  
6 section twenty-four point seventeen (24.17) is more or less than the  
7 amount of said aid certified to the state comptroller by the department  
8 of public instruction as provided by this section, the state comptroller  
9 shall certify to the county auditors the final millage for each school  
10 district.

1 SEC. 33. There is hereby created a committee to be known as the  
2 school budget review committee which shall consist of the superin-  
3 tendent of public instruction, the state comptroller and three members  
4 appointed by the governor to represent the public and to serve three-  
5 year staggered terms. Legislators shall be notified of hearings con-  
6 cerning school districts in their constituencies. The school budget re-  
7 view committee shall meet and hold hearings each year in Des Moines  
8 in September and shall continue in session until it has acted on all  
9 requests from school districts for tax increase approval submitted to  
10 the committee for budgetary review and examination pursuant to sec-  
11 tion thirty-four (34) of this Act. The committee may recommend to  
12 the state board of public instruction the revision of any rules, regula-  
13 tions, directives, or forms relating to school district budgeting and  
14 accounting, confer with local school boards or their representatives  
15 and make recommendations thereto in regard to any budgeting or  
16 accounting matters, and may direct the superintendent of public in-  
17 struction or the state comptroller to make studies and investigations  
18 of school costs in any school district whose budget has been submitted  
19 to the committee pursuant to section thirty-four (34) of this Act.  
20 The committee shall report to each session of the legislature which  
21 report shall include any recommended changes in laws relating to  
22 school districts, set out the number of hearings held pursuant to sec-  
23 tion thirty-four (34) of this Act, the reasons for any authorized in-  
24 creases in school costs beyond the state average as provided in section  
25 thirty-four (34) of this Act, and such other information as the com-  
26 mittee may deem advisable. The committee shall adopt its own rules  
27 of procedure and the superintendent of public instruction shall serve  
28 as chairman. The state comptroller shall act as secretary. The com-  
29 mittee members representing the public shall receive a per diem equal  
30 to the per diem of members of the board of public instruction and  
31 their necessary travel and expense while engaged in their official  
32 duties. Such payments shall be made from appropriations to the  
33 department of public instruction.

1 SEC. 34. The state comptroller shall compute the sum of tax ask-  
2 ings plus state aids excluding special education, driver education and  
3 vocational education aids for each local school district for each of the  
4 preceding three (3) years. The three (3) sums for the preceding  
5 years shall be divided by the average daily membership for each year  
6 respectively. The percentage change in tax askings plus state aids for  
7 two (2) years prior and the percentage change in tax askings plus  
8 state aids for one (1) year prior divided by two (2) shall constitute  
9 the average percent of change.

10 Each local school district shall certify to the state comptroller the  
11 amount currently budgeted for tax askings plus state aids divided by  
12 the projected average daily membership for the current year. Pro-  
13 jected average daily membership shall be determined as follows:

14 The percentage change in average daily membership two (2) years  
15 prior plus the percentage change in average daily membership one (1)  
16 year prior divided by two (2). This percentage shall be used to de-  
17 termine the average percentage of change in projected average daily  
18 membership. The average percent of change in projected average  
19 daily membership multiplied times the prior years average daily mem-  
20 bership added to this same prior years average daily membership shall  
21 constitute the projected average daily membership. In those prior  
22 years for which average daily membership data are not available  
23 "beginning of the year" enrollment figures as reported to the state  
24 department of public instruction shall be substituted.

25 The state comptroller shall compute the proposed change between  
26 the three (3) year average and the current year as certified by each  
27 local school district. Any school district whose proposed growth ex-  
28 ceeds the adjusted state average reimbursable expenditures per pupil  
29 in average daily membership for the preceding year shall have its  
30 budget submitted to the school budget review committee for review  
31 and examination. If after review and examination the committee rec-  
32 ommends against the proposed growth increase and if the school dis-  
33 trict nevertheless maintains its proposed budget beyond the percent  
34 of allowable change, the payment of state funds to the district in the  
35 following year shall be limited to the reimbursable expenditures per  
36 pupil in average daily membership as allowed by the school budget  
37 review committee.

1 SEC. 35. In the event any school district shall, in the 1967-1968  
2 school year, increase its general fund millage as a sole consequence of  
3 the nondiscretionary provisions of this Act beyond its general fund  
4 millage for the prior school year, the state school budget review com-  
5 mittee may authorize the state comptroller to pay emergency aid from  
6 any money in the state treasury not otherwise appropriated.

1 SEC. 36. Section four hundred twenty-seven point one (427.1),  
2 subsection sixteen (16), Code of Iowa, is hereby amended by striking  
3 lines seven (7) through eleven (11) and inserting in lieu thereof the  
4 following:

5 "For the year 1967 and subsequent years, all tangible personal prop-  
6 erty customarily located and used in or about the residence or resi-  
7 dences of the owner of said property; all wearing apparel and food  
8 used or to be used by the owner or his family; and all personal effects."

1 SEC. 37. Section four hundred twenty-seven point thirteen  
2 (427.13), Code of Iowa, is hereby amended by adding the following  
3 paragraph at the end of such section:

4 "However, the provisions of this section shall be subject to the pro-  
5 visions of section four hundred twenty-seven point one (427.1) of the  
6 Code."

1 SEC. 38. There is hereby appropriated from the general fund of  
2 the state of Iowa to the department of revenue for each year of the



3 biennium beginning July 1, 1967, and ending June 30, 1969, the sum  
4 of five million three hundred thousand (5,300,000) dollars to be used  
5 in the following manner:

6 1. The department of revenue shall determine the percentage which  
7 the aggregate taxable value for the year 1966, of property described in  
8 section thirty-six (36) of this Act, subject to taxation for the year  
9 1966 but not subject to taxation for the year 1967, in each county  
10 bears to the total aggregate taxable value of such property reported  
11 from all counties in the state and shall certify the percentage to the  
12 state comptroller prior to August 15, 1967. The state comptroller shall  
13 advise each county auditor on or before August 30, 1967, the amount  
14 each county shall receive from such fund.

15 2. The county auditor shall determine the amount due the several  
16 taxing districts for the tax years 1967 and 1968. The county auditor  
17 shall, in computing the tax rate for any taxing district, deduct from  
18 the total budget requirements certified by any such district all of the  
19 tax to be derived from the appropriation, and shall then apply such  
20 rate to the adjusted taxable value of the property in the district,  
21 necessary to raise the amount required after the deductions authorized  
22 in this subsection have been made.

23 3. In January 1968, and January 1969, the state comptroller shall  
24 apply said percentage to the five million three hundred thousand  
25 (5,300,000) dollars appropriated for each year of the biennium. The  
26 state comptroller shall draw warrants on the funds herein appropri-  
27 ated in such amounts payable to the county treasurer of each county  
28 and transmit same to the treasurer.

1 SEC. 39. For the purpose of this Act, "personal property" means  
2 all tangible property other than real property, owned by a resident or  
3 nonresident of the state, which is located in the state and assessed and  
4 taxed as personal property in accordance with the laws of this state  
5 and rules and regulations adopted thereunder, notwithstanding the  
6 provisions of section four point one (4.1), subsection nine (9), Code  
7 of Iowa, but not to include the following:

8 1. Machinery and equipment as contemplated under section four  
9 hundred twenty-eight point twenty-two (428.22), Code of Iowa.

10 2. Buildings as contemplated by section four hundred twenty-eight  
11 point four (428.4), Code of Iowa.

12 3. All centrally assessed property, by the department of revenue,  
13 under the provisions of chapters four hundred twenty-eight (428),  
14 four hundred thirty-three (433), four hundred thirty-four (434), four  
15 hundred thirty-five (435), four hundred thirty-six (436), four hun-  
16 dred thirty-seven (437), and four hundred thirty-eight (438), Code of  
17 Iowa.

18 4. Property exempted by the provisions of chapter four hundred  
19 twenty-seven (427), Code of Iowa.

1 SEC. 40. Section four hundred twenty-eight point four (428.4),  
2 Code of Iowa, is hereby amended by striking from line seventeen (17)  
3 thereof the words "real estate" and inserting in lieu thereof the word  
4 "land". Section four hundred twenty-eight point four (428.4), Code  
5 of Iowa, is hereby amended by striking from line eighteen (18) there-  
6 of the expression "personal property, but" and inserting in lieu thereof

7 the expression "real property." and by striking all of lines nineteen  
8 (19), twenty (20), and twenty-one (21).

1 SEC. 41. Persons entitled to exemption from personal property tax  
2 under provisions of section four hundred twenty-seven point three  
3 (427.3), Code of Iowa, shall be granted such exemption, in addition to  
4 the credits provided by this Act.

1 SEC. 42. The personal property tax credit authorized by this Act  
2 shall not excuse the taxpayer from listing all personal property as re-  
3 quired in chapter four hundred twenty-eight (428), Code of Iowa.  
4 The valuation of such personal property shall be determined as pre-  
5 scribed in chapter four hundred forty-one (441), Code of Iowa, so that  
6 the valuations of all personal property in a taxing district shall be  
7 known and shall be made a part of the tax list compiled by the county  
8 auditor under chapter four hundred forty-three (443), Code of Iowa.

9 The aggregate assessed value of personal property for each assess-  
10 ing district as established in the 1967 assessment year, after adjust-  
11 ment for equalization, shall be the basic taxable value upon which the  
12 credit granted herein shall be determined, subject to the following  
13 annual adjustments:

14 1. Add: additional personal property brought into each assessing  
15 district, but not to include replacement of personal property with like  
16 personal property, in accordance with section four hundred forty-one  
17 point twenty-one (441.21), Code of Iowa.

18 2. Subtract: personal property removed from each district by rea-  
19 son of transportation therefrom, personal property destroyed, and  
20 personal property consumed or disposed of and not replaced.

21 For the purpose of ascertaining assessed value of personal property  
22 added or subtracted from the aggregate assessed value of personal  
23 property for each district as established in the 1967 assessment year,  
24 assessors shall utilize personal property listing forms prescribed and  
25 furnished by the department of revenue, and shall distribute such  
26 forms in triplicate to persons possessed of such property for assess-  
27 ment, first by regular mail, and, where necessary, by personal service.  
28 Such assessed value of such personal property shall be determined in  
29 accordance with section four hundred forty-one point twenty-one  
30 (441.21), Code of Iowa.

1 SEC. 43. No taxpayer in the state shall be allowed a credit on per-  
2 sonal property tax in excess of two thousand five hundred (2,500)  
3 dollars assessed valuation. Any taxpayer who owns personal property  
4 subject to taxation in more than one (1) county of the state shall  
5 designate in reporting such property as required in section thirty-nine  
6 (39) of this Act in which counties of the state the property is located  
7 and may claim the credit or a proportionate part thereof in each  
8 county where the property is situated and in no case shall he claim  
9 more than the two thousand five hundred (2,500) dollars assessed  
10 value for all personal property assessed in all counties. At the time  
11 of making such claim, the taxpayer shall state by affidavit or affidavits  
12 made a part of the personal property listing form filed in each county  
13 where his personal property is situated, that he has not claimed a total  
14 personal property tax credit on all counties in excess of a total of two  
15 thousand five hundred (2,500) dollars assessed valuation.

1 SEC. 44. If personal property is owned jointly, the owners may not  
2 respectively take a tax credit on such property in excess of the propor-  
3 tionate ownership in said property and said proportionate ownership  
4 shall be determined by dividing the total assessed value of the prop-  
5 erty by the number of owners unless they show their actual interest  
6 and ownership on the personal property listing form provided by the  
7 assessor. Any such proportionate credit may be applied only to the  
8 extent that the owner's total respective credit of two thousand five  
9 hundred (2,500) dollars of assessed valuation is not used up and in  
10 no event is an additional credit to be allowed for property held as here-  
11 inabove described in this section.

1 SEC. 45. On or before January 1 of each year, the auditor of each  
2 county shall prepare a statement listing for each taxing district in the  
3 county all personal property upon which taxes shall not be collected  
4 due to the tax credit granted in this Act. The statement shall show  
5 the tax rates of the various taxing districts and the total amount of  
6 taxes which shall not be collected in each district because of the tax  
7 credit. The auditor shall certify and forward one (1) copy each of  
8 the statement to the state comptroller and to the department of reve-  
9 nue on or before January 15 of such year.

1 SEC. 46. The amounts due each taxing district certified by the  
2 county auditor shall be paid in two (2) equal payments by the state  
3 comptroller with the first payment to be paid March 15, 1968 and on  
4 or before September 15 and March 15 of each year thereafter, drawn  
5 upon warrants payable to the respective county treasurers. The  
6 county treasurer upon receipt of the warrants from the comptroller  
7 shall apportion the proceeds among the taxing districts in the county  
8 as certified by the county auditor.

1 SEC. 47. There is hereby appropriated from any money in the  
2 state treasury not otherwise appropriated an amount sufficient to  
3 carry out the provisions of sections thirty-eight (38) to forty-four  
4 (44) of this Act.

1 SEC. 48. Section four hundred twenty-five point one (425.1), Code  
2 of Iowa, is hereby amended by adding a new subsection as follows:  
3 "In addition to the homestead credit of twenty-five (25) mills on  
4 twenty-five hundred (2,500) dollars of assessed valuation allowable  
5 under this chapter, in the event the owner, as defined in this chapter,  
6 is over sixty-five (65) years of age, and provided that the income of  
7 such owner, when included with that of his spouse, if any, is less than  
8 three thousand five hundred (3,500) dollars per annum, there shall be  
9 credited against the tax levied on his eligible homestead [an amount  
10 in dollars equal to the difference between such tax levied in the cur-  
11 rent year and such tax levied in the year 1967 or 1968, whichever year  
12 resulted in the lowest tax, or in the year in which he became sixty-five  
13 (65) years of age, or in the year in which he acquired the homestead,  
14 whichever is latest, if the tax levied in the current year is greater.]  
15 Said credit shall be paid to each taxing district from the homestead  
16 tax credit fund in the same manner as other homestead tax credits and  
17 all other nonconflicting provisions and computations in this chapter

18 shall be applicable to the credit provided by this subsection, and in the  
19 event of conflict this subsection shall obtain.

20 "Each owner making application for credit because of age shall  
21 annually, on or before July 1, file a verified statement with the county  
22 assessor, showing:

23 a. He was sixty-five (65) years of age before midnight on December  
24 31 of the year immediately preceding the year of the tax levy.

25 b. His income, when included with that of his spouse, if any, during  
26 the last preceding twelve-month income tax accounting period is less  
27 than three thousand five hundred (3,500) dollars.

28 c. The real value of all additions or improvements made to the  
29 homestead during the preceding year, and describing them. If any  
30 such addition or improvement, exclusive of repairs and maintenance,  
31 has been made the assessor shall determine whether the assessed valu-  
32 ation of the homestead shall be increased and if so the amount thereof.  
33 The additional credit provided herein shall not be allowed if such in-  
34 creases in valuation are in excess of one thousand (1,000) dollars, in  
35 the aggregate, during each five-year period commencing with the year  
36 in which application is first made under this subsection.

37 "The tax credit under this subsection shall also be allowable where  
38 there is more than one (1) "owner" as defined in this chapter, if any  
39 one of them is more than sixty-five (65) years of age and is occupying  
40 the premises as a homestead within the meaning of this chapter. The  
41 state tax commission shall determine the evidence requirements for all  
42 matters of fact to be shown by each owner making application for  
43 credit.

44 "For the purpose of this subsection 'income' means taxable income  
45 for federal income tax purposes plus income from securities of state  
46 and other political subdivisions exempt from federal income tax and  
47 income from social security and other tax-exempt retirement or pen-  
48 sion plans."

1 SEC. 49. Section four hundred twenty-five point eleven (425.11),  
2 subsection two (2), Code of Iowa, is hereby amended by adding there-  
3 to the following sentence:

4 "For the purpose of this chapter the word 'owner' shall be construed  
5 to mean a bona fide owner and not one for the purpose only of availing  
6 himself of the benefits of this chapter."

1 SEC. 50. In order to accommodate the orderly initiation of the pro-  
2 visions of this Act the following sums shall be appropriated for the  
3 period beginning July 1, 1967 to December 31, 1967:

4 For	General Aid .....	\$24,816,000.00
5	Supplemental Aid .....	4,192,000.00
6	Transportation Aid .....	2,992,000.00

1 SEC. 51. Section four hundred twenty-six point one (426.1), Code  
2 of Iowa, is amended by striking from line nine (9) the word "fifteen"  
3 and inserting in lieu thereof the word "eighteen".

1 SEC. 52. If any section, subsection, subdivision, paragraph, sen-  
2 tence or clause of this Act is held invalid or unconstitutional, such  
3 decision shall not affect the remaining portions of this Act.

1 SEC. 53. This Act shall operate retroactively and retrospectively,  
2 with full force and effect, to and from July 1, 1967.

1 SEC. 54. This Act, being deemed of immediate importance, shall  
2 take effect after its passage, approval and publication in The Times  
3 Plain Dealer, a newspaper published at Cresco, Iowa, and in the Neola  
4 Gazette Reporter, a newspaper published at Neola, Iowa.

Approved July 20, 1967.

This Act was passed by the G. A. on, or after, July 1, 1967.

I hereby certify that the foregoing Act, House File 686, was published in The Times Plain Dealer, Cresco, Iowa, July 26, 1967, and in the Neola Gazette Reporter, Neola, Iowa, July 27, 1967.

MELVIN D. SYNHORST, *Secretary of State.*

## CHAPTER 357

### TAX SALE OF ENCUMBERED PROPERTY

#### H. F. 547

AN ACT relating to the redemption or sale of encumbered property.

*Be It Enacted by the General Assembly of the State of Iowa:*

1 SECTION 1. Section four hundred forty-seven point nine (447.9),  
2 Code 1966, is hereby amended as follows:

3 1. By inserting after the figures "446.18" in line four (4) the  
4 following: "or section four hundred forty-six point thirty-eight  
5 (446.38)".

6 2. By adding at the end thereof the following: "Such notice shall  
7 also be served on any city or town where such real estate is situated."

1 SEC. 2. Section four hundred forty-six point thirty-eight (446.38),  
2 Code 1966, is hereby amended by adding at the end thereof the follow-  
3 ing: "In such cases the requirements of section four hundred forty-six  
4 point eighteen (446.18) to the effect that the real estate shall have  
5 been advertised and offered for sale two years or more, shall not be  
6 applicable."

1 SEC. 3. Section four hundred forty-six point thirty-seven (446.37),  
2 Code 1966, is hereby amended as follows:

3 1. By striking from line one (1) the word "ten" and by inserting in  
4 lieu thereof the word "five (5)".

5 2. By striking from lines two (2) and three (3) the words "no  
6 action has been taken by" and by inserting in lieu thereof the words  
7 "action has not been completed during such time which qualifies".

8 3. By adding at the end of said section the following: "Certificates  
9 outstanding on July 1, 1967 when this Act becomes effective, five years  
10 or more from time of tax sale, on which such qualifying action has not  
11 been completed, shall be so cancelled, if such action is not completed  
12 before July 1, 1968."